

# Second Quarter 2013 Investor Presentation

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**United Community Banks, Inc.**

# Cautionary Statement

This investor presentation may contain forward-looking statements, as defined by federal securities laws, including statements about United's financial outlook and business environment. These statements are based on current expectations and are provided to assist in the understanding of future financial performance. Such performance involves risks and uncertainties that may cause actual results to differ materially from those expressed or implied in any such statements. For a discussion of some of the risks and other factors that may cause such forward-looking statements to differ materially from actual results, please refer to United Community Banks, Inc.'s filings with the Securities and Exchange Commission including its 2012 Annual Report on Form 10-K under the sections entitled "Forward-Looking Statements". Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements.

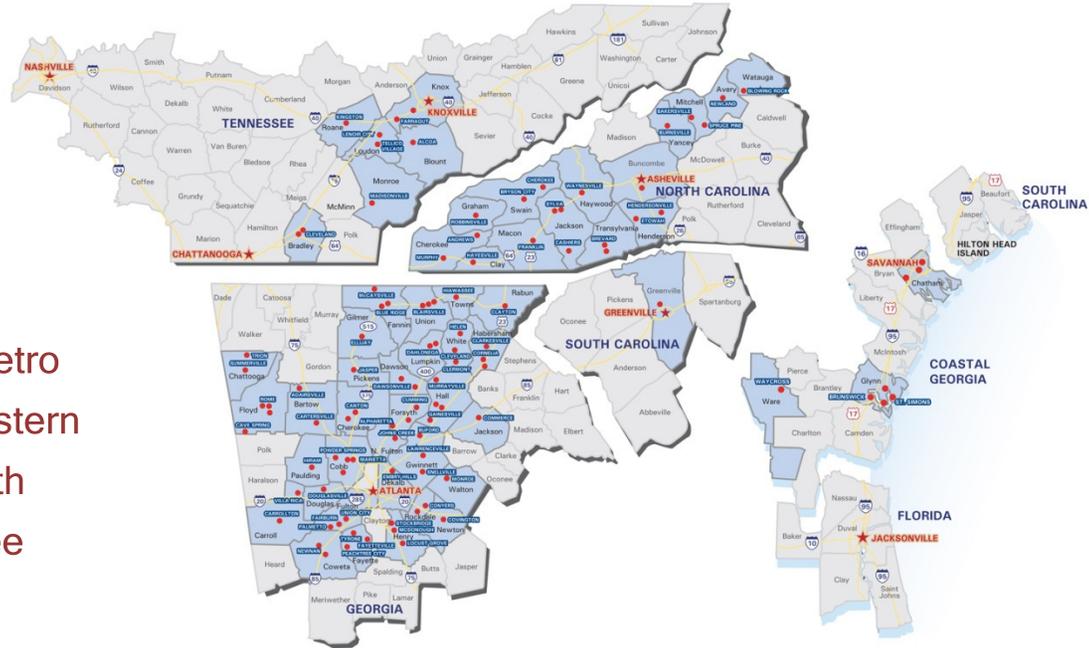
# Non-GAAP Measures

This presentation also contains financial measures determined by methods other than in accordance with generally accepted accounting principles ("GAAP"). Such non-GAAP financial measures include the following: core fee revenue, core operating expense, core earnings, tangible common equity to tangible assets, tangible equity to tangible assets and tangible common equity to risk-weighted assets. The most comparable GAAP measures to these measures are: fee revenue, operating expense, net income (loss), and equity to assets.

Management uses these non-GAAP financial measures because we believe it is useful for evaluating our operations and performance over periods of time, as well as in managing and evaluating our business and in discussions about our operations and performance. Management believes these non-GAAP financial measures provide users of our financial information with a meaningful measure for assessing our financial results and credit trends, as well as for comparison to financial results for prior periods. These non-GAAP financial measures should not be considered as a substitute for financial measures determined in accordance with GAAP and may not be comparable to other similarly titled financial measures used by other companies. For a reconciliation of the differences between our non-GAAP financial measures and the most comparable GAAP measures, please refer to the 'Non-GAAP Reconciliation Tables' at the end of the Appendix to this presentation.

# United at a Glance

- ❑ Founded in 1950
- ❑ Third-largest bank holding company in Georgia
- ❑ Headquartered in Blairsville, Georgia with 103 locations throughout north Georgia, metro Atlanta, coastal Georgia, western North Carolina, western South Carolina, and east Tennessee
- ❑ 1,500 employees



Deposit Market Share <sup>(1)</sup>			
Market	Offices	Deposit Share	Rank
North Georgia	22	32%	1
Atlanta MSA	36	4	7
Gainesville MSA	5	12	5
Coastal Georgia	8	4	8
Western North Carolina	20	12	3
East Tennessee	8	2	9

Key Statistics as of 6/30/13	
<i>(billions)</i>	
Total assets	\$7.163
Total deposits	\$6.012
Loans	\$4.189

<sup>1</sup> FDIC deposit market share and rank as of June 30, 2012 for markets where United takes deposits. Source: SNL and FDIC. Excludes 4 Loan Production Offices

# Business and Operating Model



## Service is Point of Differentiation

- #1 in Customer Satisfaction according to Customer Service Profiles
- J.D. Power 2013 Retail Banking Satisfaction Study rates United among the top 2 banks in the southeast
- Golden rule of banking – treating people the way we want to be treated
- “The Bank that SERVICE Built”
- Customer surveys continue with 95%+ satisfaction rate

“Community bank service, large bank resources”

### Twenty-seven “community banks”

Local CEOs with deep roots in their communities  
Resources of a \$7.163 billion bank

### Strategic footprint with substantial banking opportunities

Operates in a number of the more demographically attractive U.S. markets

### Disciplined growth strategy

Organic supported by de novos and selective acquisitions

United Community Banks, Inc.

# PERFORMANCE - TRENDS

# Highlights First Quarter



## Improving Quarterly Results

- Net income of \$230 million, or \$3.90 per share
- Impacted by DTA recovery and accelerated classified asset sales
- Core earnings (pre-tax, pre-credit) of \$26.6 million



## Deferred Tax Asset Allowance Recovery

- Reversal of \$272 million of DTA allowance
- Impacted earnings and accumulated other comprehensive income (shareholder's equity)
- Key driver of increase in tangible book value to \$10.82



## Completed Classified Asset Sales of \$172 Million

- \$48.5 million provision for loan losses
- Net charge-offs increased to \$72.4 million due to the classified asset sales
- Lowered classified assets to Tier 1 plus allowance to 27% - down from 49%



## Solid Improvement in All Credit Quality Metrics

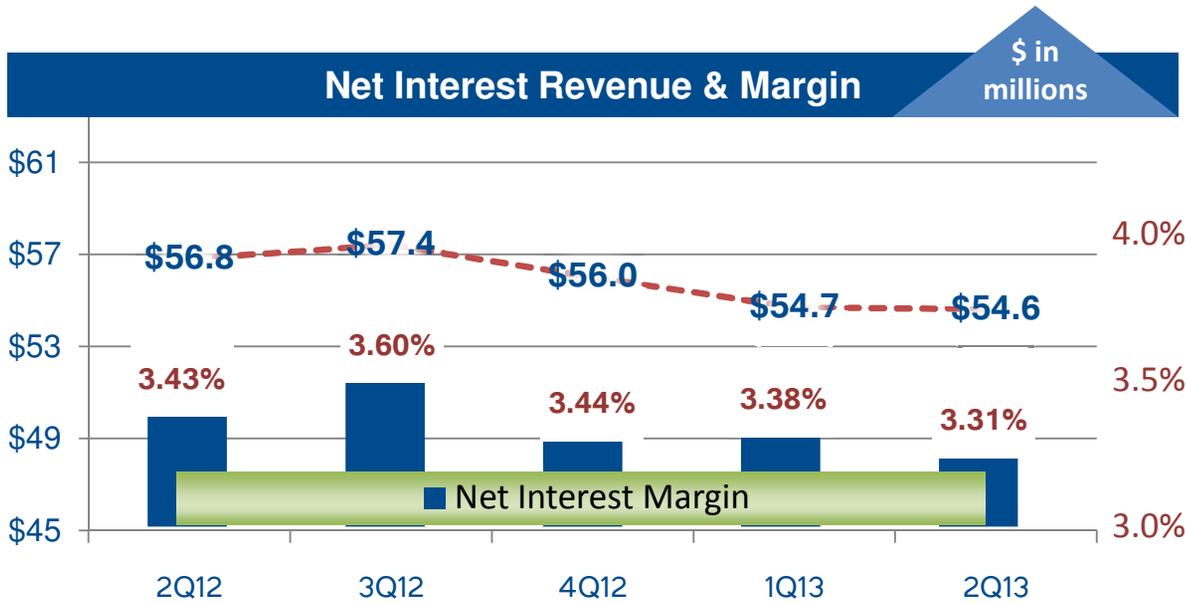
- Credit metrics now at pre-credit crisis levels
- NPAs decline 72% to \$31.8 million and .44% of total assets
- Allowance decreased by \$24 million to \$81.8 million – 1.95% of loans



## Strong Core Transaction Deposit Growth

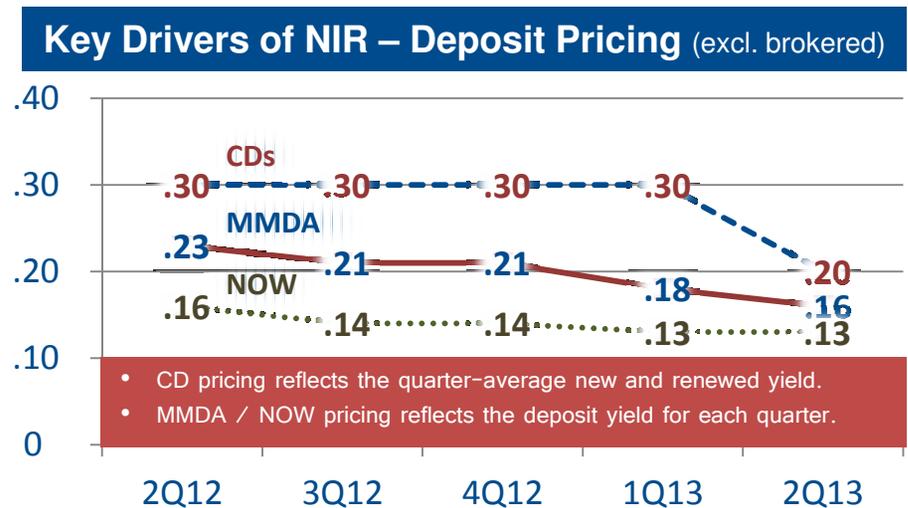
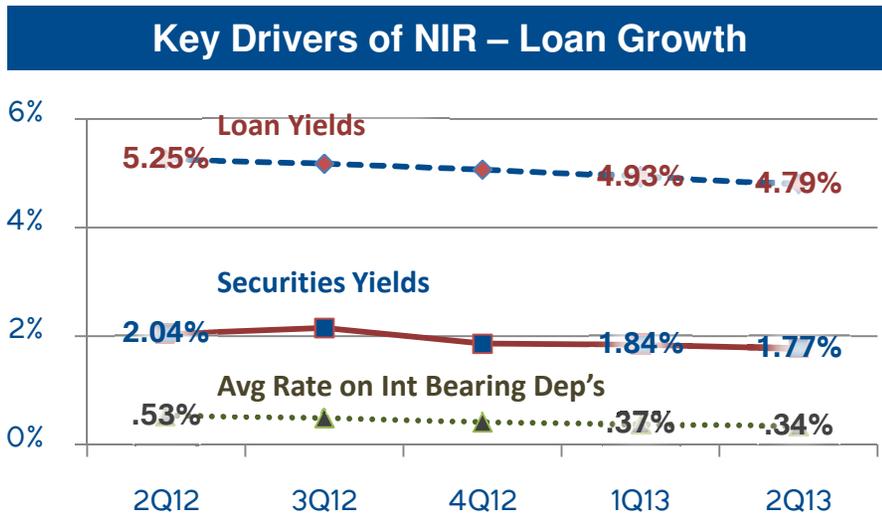
- Up \$109 million year-to-date, or 7% annualized
- Building customer deposit base
- Represents 59% of total customer deposits compared to 34% at the end of 2008

# Key Drivers of Net Interest Revenue / Margin



## Net Interest Revenue

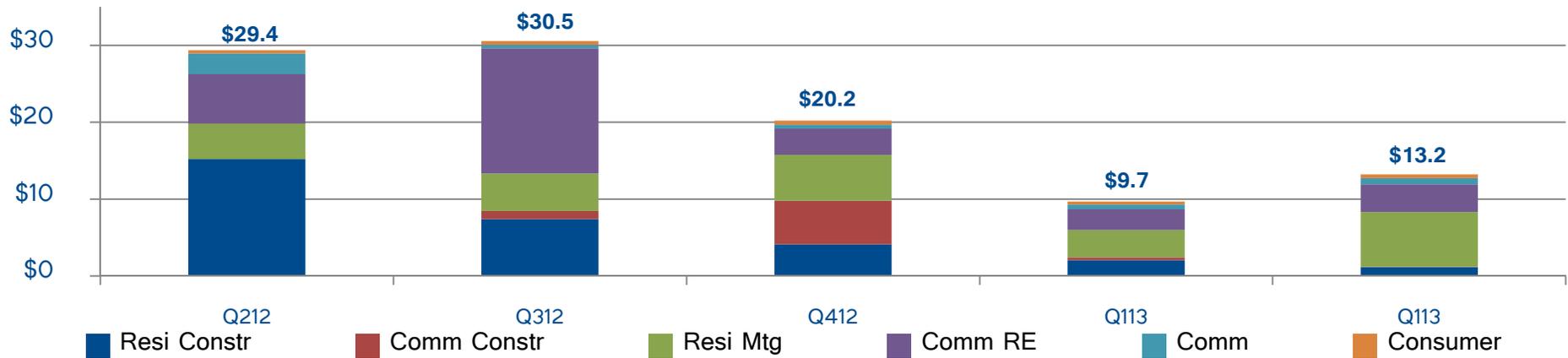
- Offset margin compression by growing loans
- 2Q13 growth impacted by:
  - ✓ Loan pricing competition
  - ✓ Lower securities reinvestment rates
  - ✓ More floating rate securities



# Non-Performing Loans (NPLs) Inflow Trends

\$ in millions

## Quarterly NPL Inflows



\$ in millions

## Total NPLs



United Community Banks, Inc.

# OUTLOOK

# Outlook



## Our Goal: Leverage Our Strengths

- Strong local leadership
- Funding advantage in our legacy markets
- Consistent and attractive culture
  - Class leading customer satisfaction
  - Low employee turnover



## To Grow Our Business The Right Way

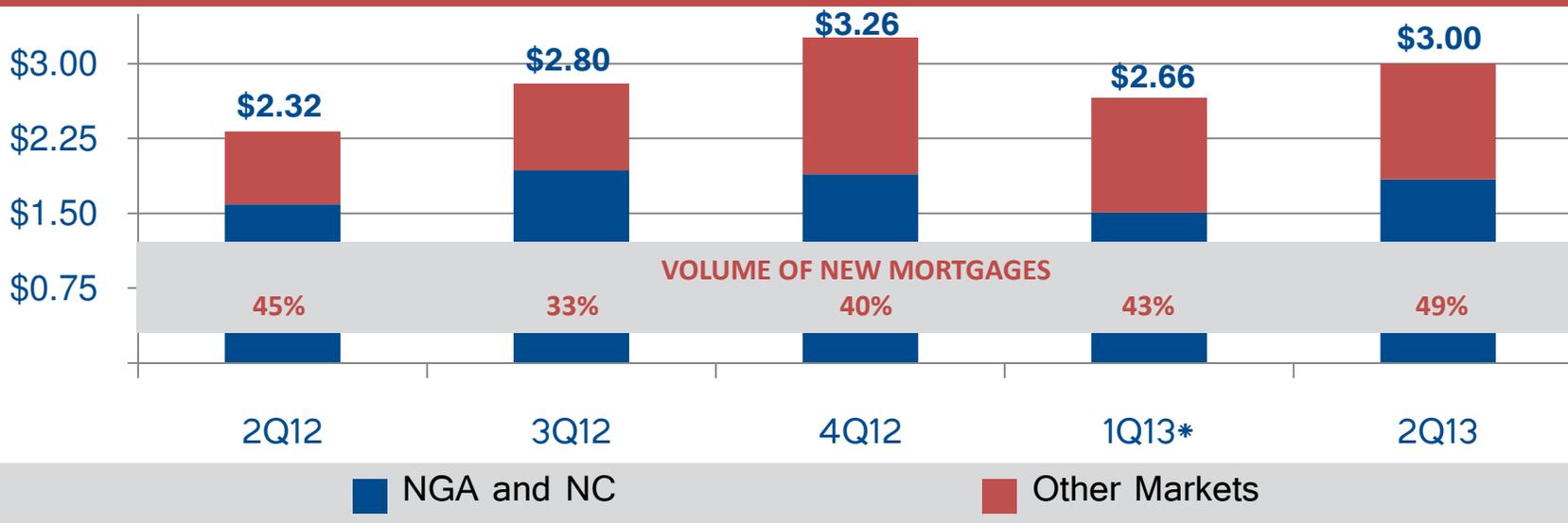
- Become better retail and small business bank
  - Grow sales: Better product design, merchandising, campaign execution
  - Streamline delivery process that focuses on *how we serve our customer* in the end
  - HELOC program success: \$154 million in new balances
  - Smarter Mortgage added \$104 million in new balances
  - Invest in people
- Continue to invest in, and improve commercial and retail capabilities
  - Diversify portfolio – focus on C&I, owner occupied, and consumer lending
  - Momentum building across footprint
  - Invest in people: 31 lenders past 2 years in growth opportunity markets
  - Enter new markets: Opened LPO in Greenville, SC (4Q12), Nashville, TN (2Q13) with healthcare industry focus; expand territory and commercial loan potential
  - Positive net loan growth going forward
- Customer derivative swap program – meeting customer needs while adding fee revenue



## Grow Existing Fee Businesses at Faster Pace

- Mortgage First Priority
  - Performing well, but at 50% of peers
  - Focus on home purchase product as well as refinancings
  - Focus on lower performing markets
  - Invest in management, people and new markets
- Advisory Services
  - Customer satisfaction high
  - Invest in management, people, and new markets

### Mortgage Fee Revenue



# Outlook

## Summary

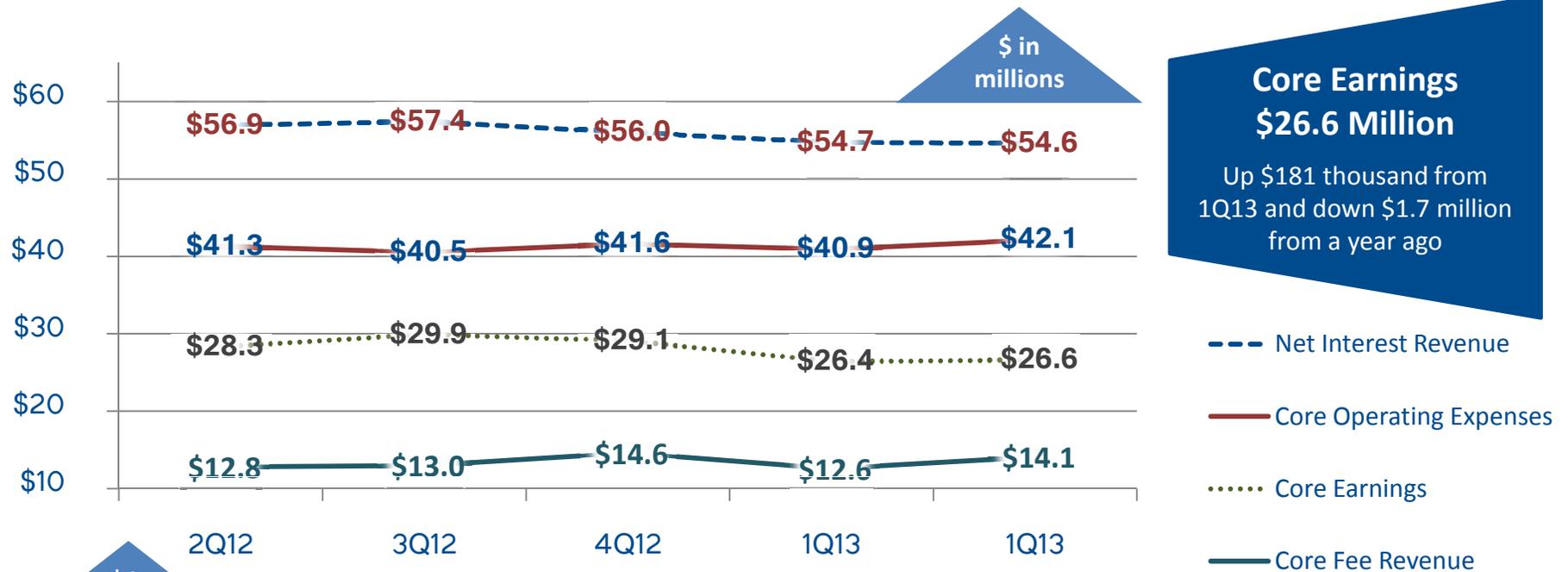


- Significant events to cleanse balance sheet, restore capital, and enhance profitability
  - Accelerated classified asset sales
  - DTA allowance recovery
- Focus on core earnings growth – fee revenue, expenses, efficiencies
  - Offsetting margin headwinds through loan growth and improving deposit mix
  - Goal loan growth in 2013 – mid-single digit range
  - Expecting quarterly margin compression in 2013 – 3 to 5 basis points
- Focus on lowering debt / equity costs
- Solid strengths – size, culture, capital
- Well-positioned in all areas for opportunities

United Community Banks, Inc.

# FINANCIAL REVIEW

# Core Earnings & Core Fee Revenue



**Core Earnings  
\$26.6 Million**

Up \$181 thousand from 1Q13 and down \$1.7 million from a year ago

	Variance - Increase / (Decrease)		
	2Q13	1Q13	2Q12
Net Interest Revenue	\$ 54,562	\$ (97)	\$ (2,274)
Fee Revenue	14,063	1,445	1,299
<b>Gross Revenue</b>	<b>68,625</b>	<b>1,348</b>	<b>(975)</b>
Operating Expense (Excl OREO)	(42,067)	1,167	755
<b>Pre-Tax, Pre-Credit (Core)</b>	<b>\$ 26,558</b>	<b>\$ 181</b>	<b>\$ (1,730)</b>
<b>Net Interest Margin</b>	<b>3.31 %</b>	<b>(.07) %</b>	<b>(.12) %</b>

	Variance - Increase / (Decrease)		
	2Q13	1Q13	2Q12
Overdraft Fees	\$ 3,032	\$ 41	\$ (200)
Interchange Fees	3,638	411	396
Other Service Charges	1,302	117	(40)
<b>Total Service Charges and Fees</b>	<b>7,972</b>	<b>569</b>	<b>156</b>
Mortgage Loan & Related Fees	3,003	348	681
Brokerage Fees	1,063	296	254
Other	2,025	232	208
<b>Total Fee Revenue - Core</b>	<b>14,063</b>	<b>1,445</b>	<b>1,299</b>
Non-Core <sup>(1)</sup>	2,249	2,041	2,146
<b>Reported - GAAP</b>	<b>\$ 16,312</b>	<b>\$ 3,486</b>	<b>\$ 3,445</b>

<sup>(1)</sup> Includes securities gains (losses), gains from hedge ineffectiveness, gains from the sale of low income housing credits, deferred compensation gains, and BOLI death benefit gain.

# Core Operating Expenses

\$ in thousands

	<b>Variance - Increase / (Decrease)</b>		
	<b>2Q13</b>	<b>1Q13</b>	<b>2Q12</b>
Salaries & Employee Benefits	\$ 23,129	\$ 74	\$ (21)
Communications & Equipment	3,468	422	257
Occupancy	3,449	82	(90)
FDIC Assessment	2,505	-	(40)
Advertising & Public Relations	1,037	99	(51)
Postage, Printing & Supplies	894	31	(22)
Professional Fees	2,499	133	547
Other Expense	5,086	326	175
<b>Core Operating Expenses</b>	<b>42,067</b>	<b>1,167</b>	<b>755</b>
Non-Core <sup>(1)</sup>	6,756	3,886	3,758
<b>Reported GAAP</b>	<b>\$ 48,823</b>	<b>\$ 5,053</b>	<b>\$ 4,513</b>

<sup>(1)</sup> Includes foreclosed property costs, severance, and deferred compensation gains and losses.

# Net Income

\$ in thousands

## NET OPERATING INCOME

	2Q13	Variance - Increase / (Decrease)	
		1Q13	2Q12
<b>Core Earnings (Pre-Tax, Pre-Credit)</b>	\$ 26,558	\$ 181	\$ (1,730)
Provision for Loan Loss	(48,500)	37,500	30,500
<b>NON-CORE FEE REVENUE:</b>			
Hedge Ineffectiveness Gains (Losses)	369	454	549
Securites Gains (Losses)	-	(116)	(6,490)
Losses from Prepayment of Borrowings	-	-	6,199
BOLI Death Benefit Gain	1,366	1,366	1,366
Gains from Sale of Low Income Housing Tax Credits	468	468	468
Gains (Losses) on Deferred Compensation Plan Assets	46	(131)	54
<b>Total Non-Core Fee Revenue</b>	<b>2,249</b>	<b>2,041</b>	<b>2,146</b>
<b>NON-CORE OPERATING EXPENSES:</b>			
Foreclosed Property Write Downs	1,369	328	361
Foreclosed Property (Gains) Losses on Sales	2,945	2,840	3,214
Foreclosed Property Maintenance Expenses	837	(350)	(275)
Severance Costs	1,559	1,199	404
Gains (Losses) on Deferred Comp Plan Liability	46	(131)	54
<b>Total Non-Core Operating Expenses</b>	<b>6,756</b>	<b>3,886</b>	<b>3,758</b>
Income Tax Benefit	256,413	257,363	257,307
<b>Net Income</b>	<b>\$ 229,964</b>	<b>\$ 218,199</b>	<b>\$ 223,465</b>
Preferred Stock Dividends	3,055	3	23
<b>Net Income Available to Common Shareholders</b>	<b>\$ 226,909</b>	<b>\$ 218,196</b>	<b>\$ 223,442</b>
<b>Net Income Per Share</b>	<b>\$ 3.90</b>	<b>\$ 3.75</b>	<b>\$ 3.84</b>
<b>Tangible Book Value</b>	<b>\$ 10.82</b>	<b>\$ 4.06</b>	<b>\$ 4.34</b>

\$ in millions

Prior Quarterly Net Income

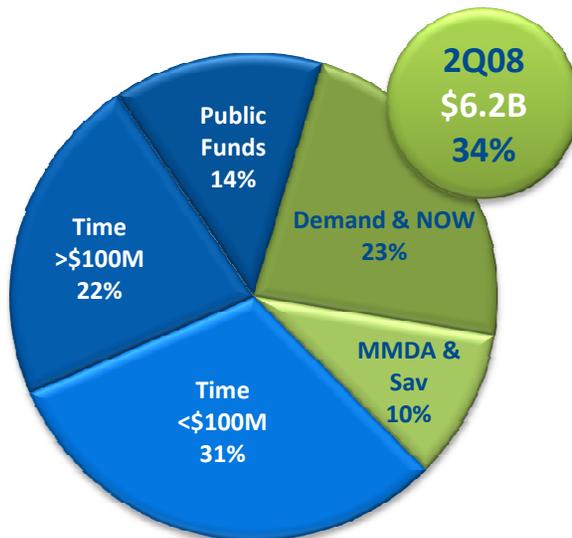
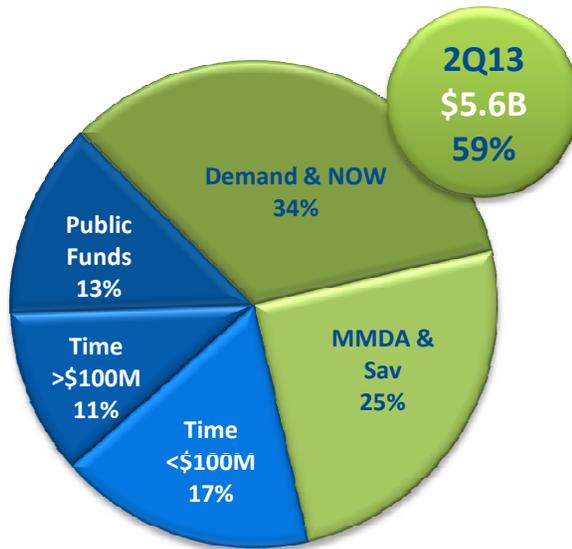
1Q13 \$ 11.8  
4Q12 5.3  
3Q12 10.6  
2Q12 6.5

58.1 Million Shares Outstanding

# Customer Deposit Mix & Core Growth

\$ in millions

## Deposits by % / Customer Mix



## Total Deposit Mix

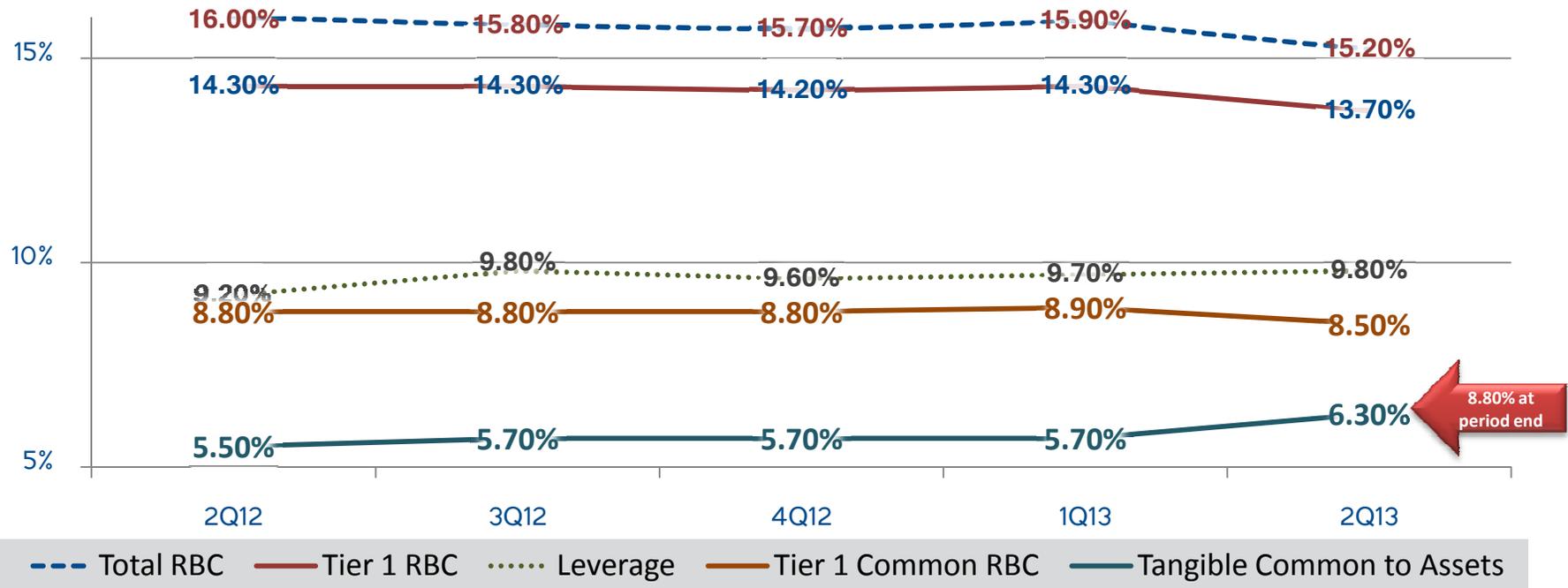
Significant growth in core transaction deposits since 4Q08

	2Q13	1Q13	2Q12	4Q08
Demand / NOW	\$ 1,916	\$ 1,894	\$ 1,735	\$ 1,457
MMDA / Savings	1,406	1,401	1,330	630
<b>Core Transaction</b>	<b>3,322</b>	<b>3,295</b>	<b>3,065</b>	<b>2,087</b>
Time < \$100,000	977	1,014	1,159	1,945
Public Deposits	674	700	623	755
<b>Total Core</b>	<b>4,973</b>	<b>5,009</b>	<b>4,847</b>	<b>4,787</b>
Time >\$100,000	632	653	728	1,336
Public Deposits	32	32	36	87
<b>Total Customer</b>	<b>5,637</b>	<b>5,694</b>	<b>5,611</b>	<b>6,210</b>
Brokered Deposits	375	332	211	793
<b>Total Deposits</b>	<b>\$ 6,012</b>	<b>\$ 6,026</b>	<b>\$ 5,822</b>	<b>\$ 7,003</b>

## Core Deposit Growth – Category & Market

CATEGORY	Growth		MARKET	Growth	
	2Q13	Year		2Q13	Year
Demand	\$ 31.3	\$ 83.2	Atlanta	\$ (10.7)	\$ 27.8
MM Accounts	0.9	13.7	N. Georgia	11.9	36.2
Savings	4.5	20.5	North Carolina	21.2	31.9
NOW	(9.3)	(8.8)	Coastal Georgia	(1.5)	1.6
Total Categories	<u>\$ 27.4</u>	<u>\$108.6</u>	Tennessee	(.8)	1.3
			Gainesville	7.3	9.8
YTD Percent Growth (Annualized)		7 %		<u>\$ 27.4</u>	<u>\$ 108.6</u>

# Capital Ratios



	Well-Capitalized	JUN '13	MAR '13	JUN '12
<b>Bank</b>				
Tier 1 RBC	6 %	14.2 %	14.7 %	14.3 %
Total RBC	10	15.5	16.0	15.6
Leverage	5	10.1	10.0	9.2
<b>Holding Company</b>				
Tangible Equity to Assets		9.1	8.5	8.2

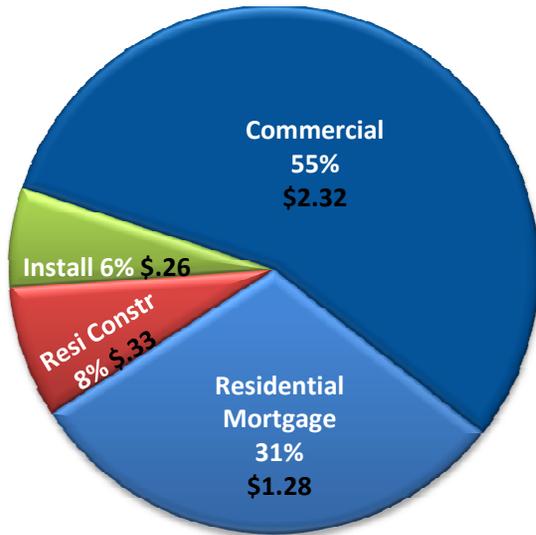
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# LOAN PORTFOLIO & CREDIT QUALITY

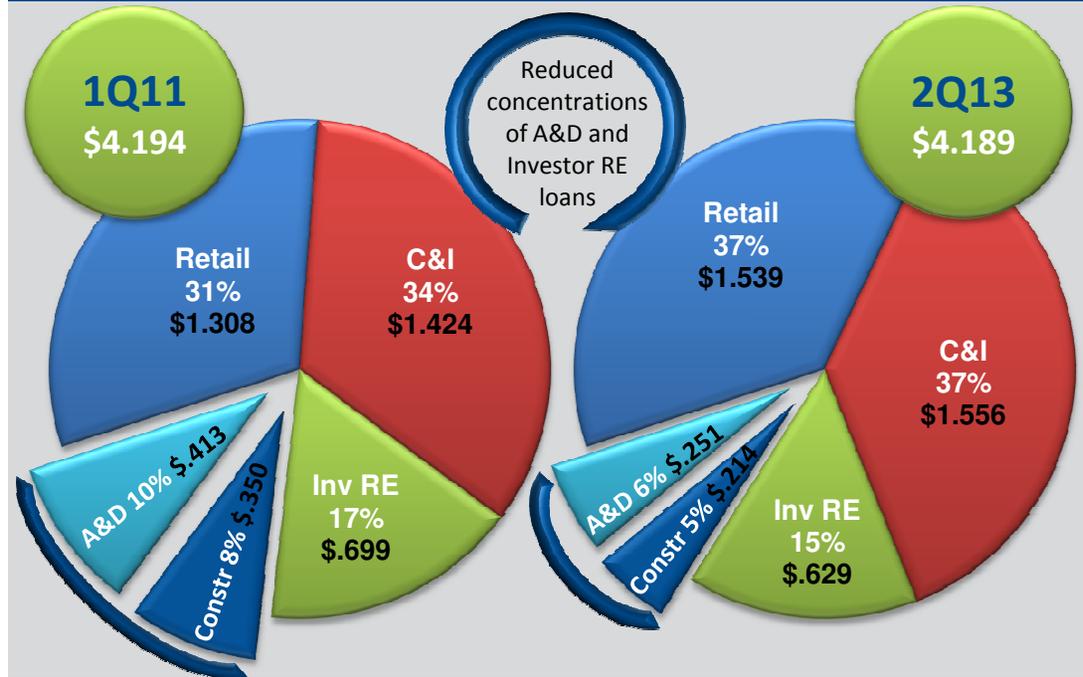
# Loan Portfolio (total \$4.19 billion)

\$ in billions

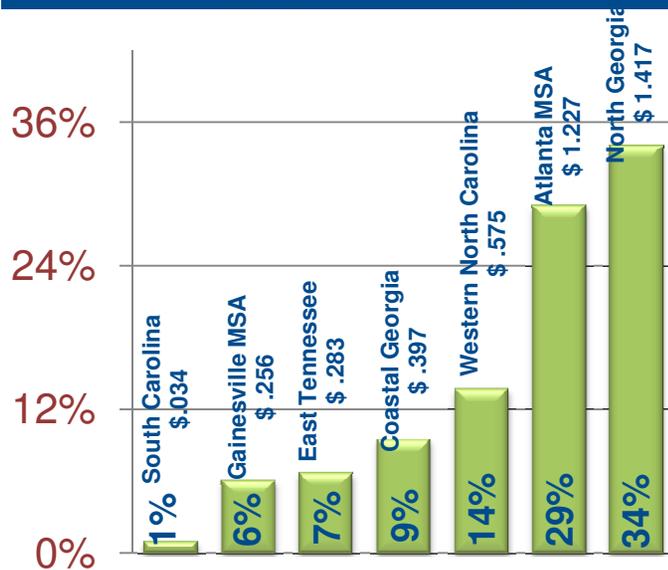
## By Loan Type



## Diversifying Portfolio



## Geographic Diversity



## Total Loans

Period	\$ in Billions
2Q13	\$4.189
1Q13	\$4.194
4Q12	\$4.175
3Q12	\$4.138
2Q12	\$4.119

## Loan Diversification & Type

- Reducing land exposure
- Focus on small business and C&I
- Enhanced retail products

# New Loans Funded and Advances<sup>(1)</sup>

\$ in millions

CATEGORY		
	2Q13	2Q12
Commercial C & I	\$ 58.3	\$ 45.5
Owner Occupied CRE	50.7	44.1
Income Producing CRE	30.4	14.8
Commercial Constr.	3.6	2.7
<b>Total Commercial</b>	<b>143.0</b>	<b>107.1</b>
Residential Mortgage	70.6	32.4
Residential HELOC	38.4	20.5
Residential Construction	31.5	23.6
Consumer	120.3	31.6
<b>Total Categories</b>	<b>403.8</b>	<b>215.2</b>

(1) Represents new loans funded and net loan advances (net of payments on lines of credit)

MARKET		
	2Q13	2Q12
Atlanta	\$ 94.2	\$ 78.0
Coastal Georgia	26.7	17.8
N. Georgia	64.0	58.5
North Carolina	39.7	18.6
Tennessee	25.7	23.5
Gainesville	14.8	9.0
South Carolina	33.7	-
Other (Indirect Auto)	105.0	9.8
<b>Total Markets</b>	<b>\$ 403.8</b>	<b>\$ 215.2</b>

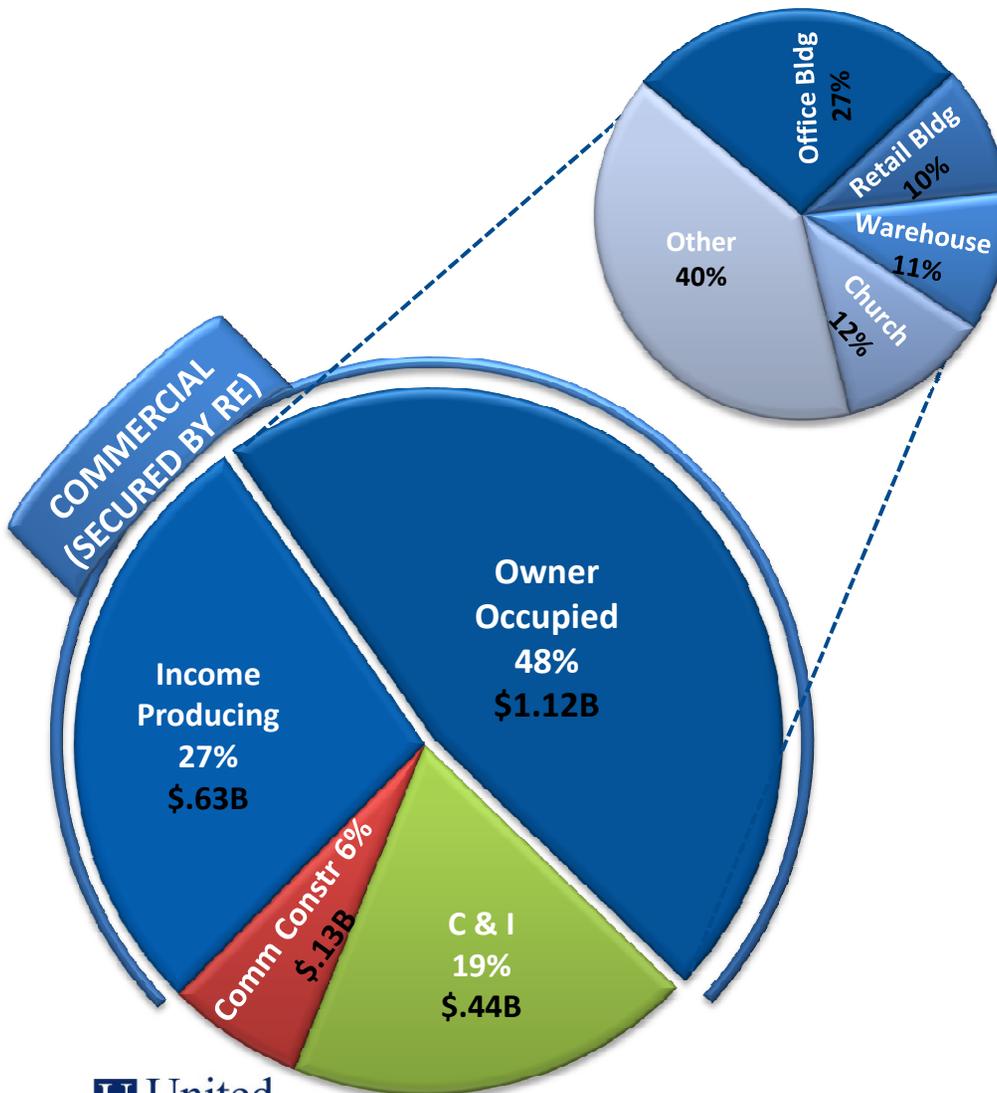
## New Loans Funded and Advances



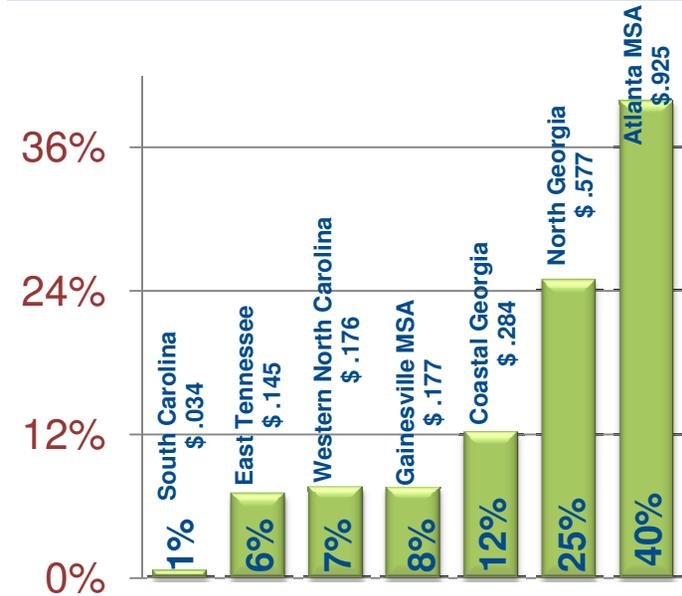
# Commercial Loans (total \$2.32 billion)

\$ in billions

## By Loan Type



## Geographic Diversity



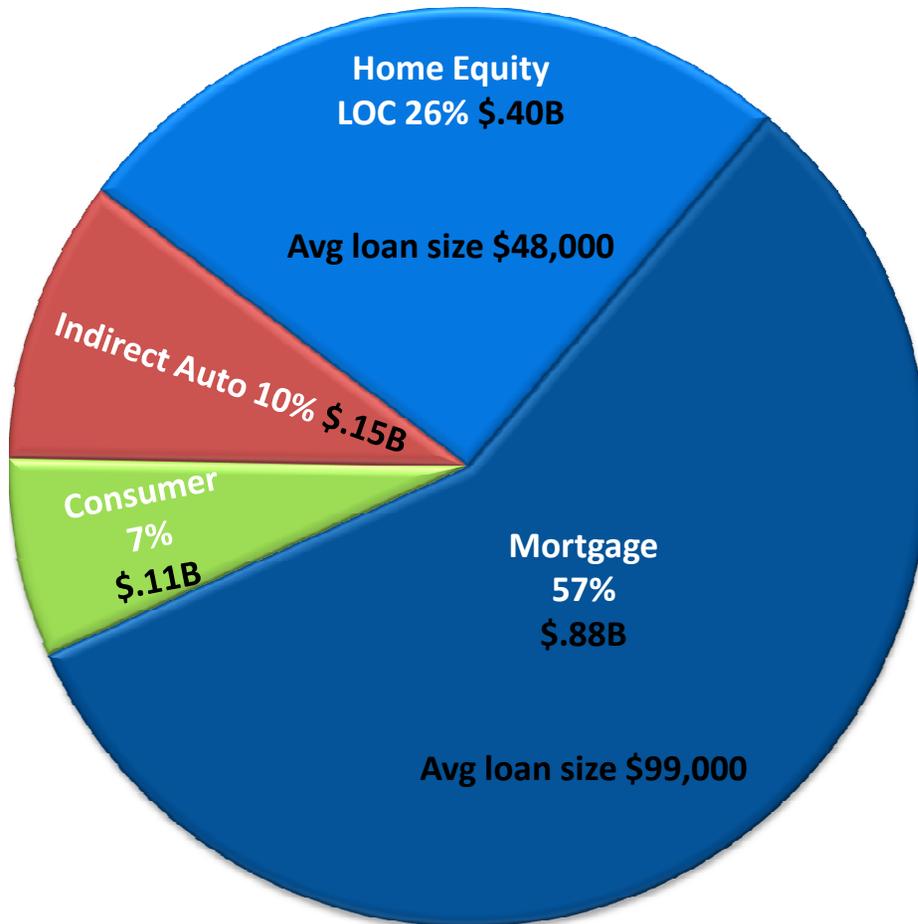
## Average Loan Size

Type	\$ in Thousands
Owner Occup'd	\$427
Income Prod	587
C & I	89
Comm Constr	362

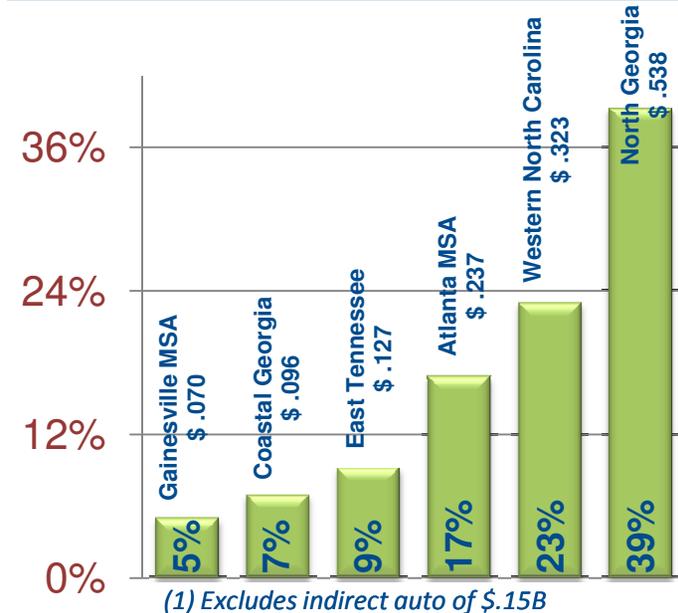
# Retail (total \$1.54 billion)

\$ in millions

## By Loan Type



## Geographic Diversity<sup>(1)</sup>



Success with new portfolio products and HELOCs

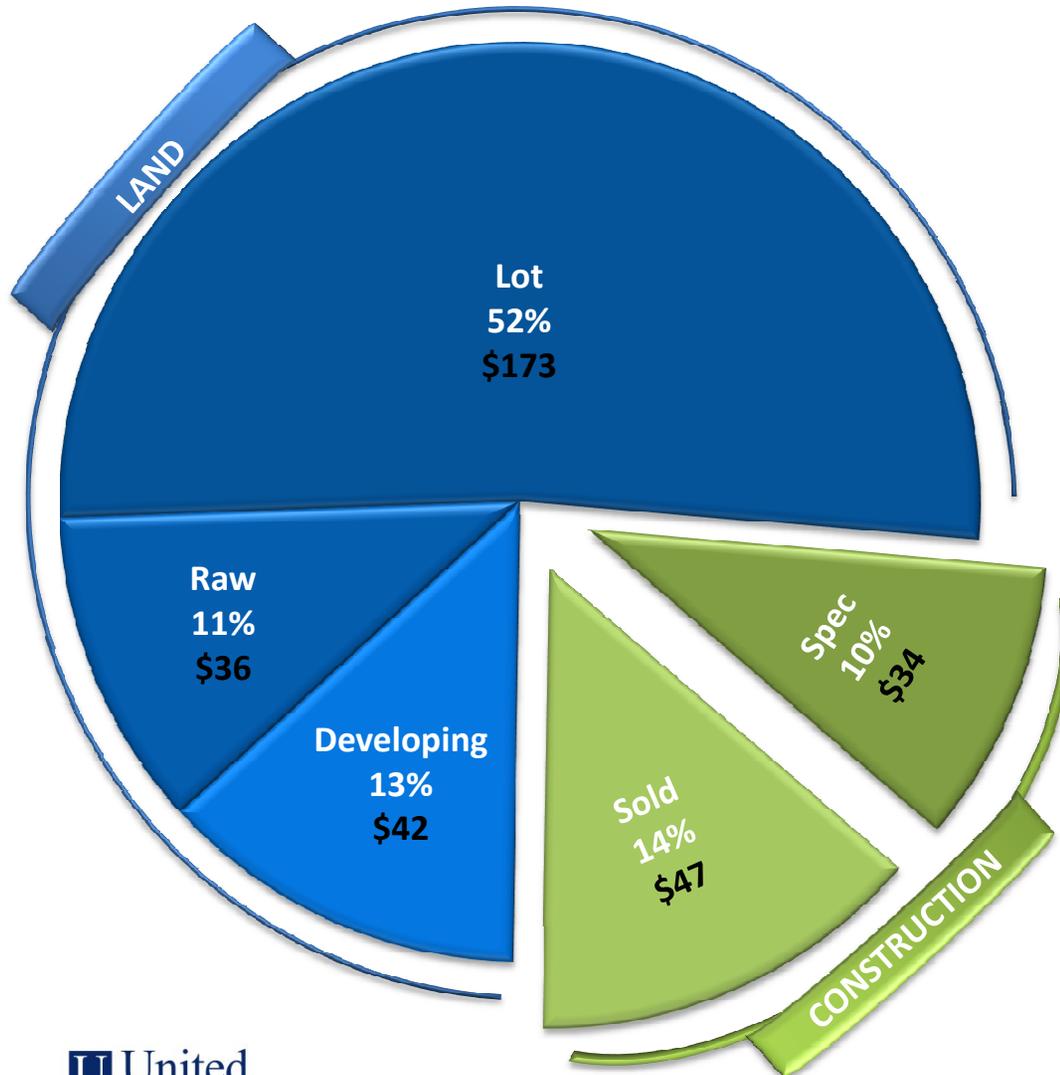
Conservative underwriting

63% of HE Primary Lien

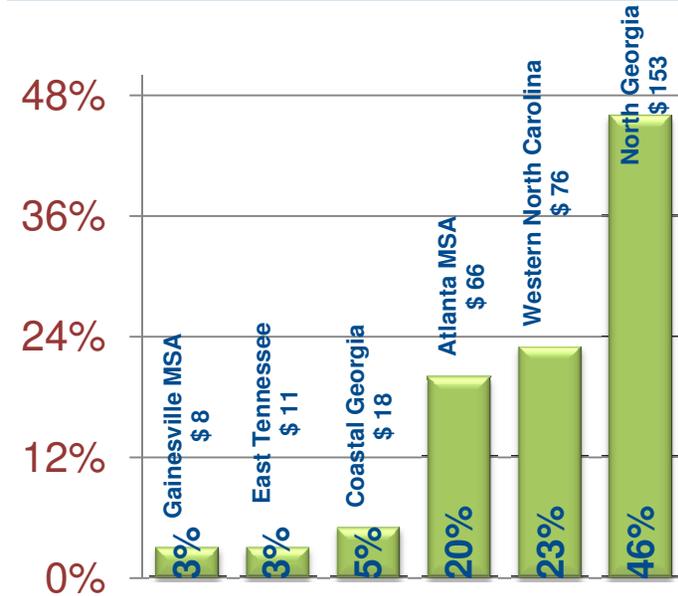
# Residential Construction *(total \$332 million)*

\$ in millions

## By Loan Type



## Geographic Diversity



	2Q13	1Q13	4Q12	3Q12	2Q12	2Q13 vs. 2Q12
<b>TOTAL COMPANY</b>						
Land Loans						
Developing	\$ 42	\$ 57	\$ 62	\$ 71	\$ 78	\$(36)
Raw	36	42	46	41	45	(9)
Lot	173	188	193	196	203	(30)
Total	251	287	301	308	326	(75)
Construction Loans						
Spec	34	40	41	44	49	(15)
Sold	47	45	40	37	34	13
Total	81	85	81	81	83	(2)
Total	\$ 332	\$ 372	\$ 382	\$ 389	\$ 409	\$(77)

# Credit Quality

\$ in  
millions

	2Q13	1Q13	4Q12	3Q12	2Q12
<b>Net Charge-offs</b>	\$ 72.4	\$ 12.4	\$ 14.5	\$ 20.6	\$ 18.9
as % of Average Loans	6.87 %	1.21 %	1.39 %	1.99 %	1.85 %
<b>Allowance for Loan Losses</b>	\$ 81.8	\$ 105.8	\$ 107.1	\$ 107.6	\$ 112.7
as % of Total Loans	1.95 %	2.52 %	2.57 %	2.60 %	2.74 %
as % of NPLs	294	110	97	94	98
<b>Past Due Loans (30 - 89 Days)</b>	.49 %	.66 %	.65 %	.68 %	.65 %
<b>Non-Performing Loans</b>	\$ 27.9	\$ 96.0	\$ 109.9	\$ 115.0	\$ 115.4
<b>OREO</b>	3.9	16.7	18.3	27.0	30.4
<b>Total NPAs</b>	31.8	112.7	128.2	142.0	145.8
<b>Performing Classified Loans</b>	176.3	271.7	261.9	284.0	324.0
<b>Total Classified Assets</b>	\$ 208.1	\$ 384.4	\$ 390.1	\$ 426.0	\$ 469.8
as % of Tier 1 / Allowance	27 %	49 %	50 %	55 %	62 %
<b>Accruing TDRs (see page 27)</b>	\$ 77.8	\$ 126.0	\$ 122.8	\$ 138.3	\$ 141.6
<b>As % of Original Principal Balance</b>					
<b>Non-Performing Loans</b>	62.6 %	66.3 %	69.5 %	68.8 %	68.8 %
<b>OREO</b>	31.6	45.0	39.7	36.4	39.3
<b>Total NPAs</b>					
as % of Total Assets	.44	1.65	1.88	2.12	2.16
as % of Loans & OREO	.76	2.68	3.06	3.41	3.51

# Performing Classified Loans

\$ in millions



BY CATEGORY	2Q12	3Q12	4Q12	1Q13	2Q13
Commercial:					
Commercial & Industrial	\$ 16	\$ 19	\$ 18	\$ 20	\$ 11
Owner Occupied	54	77	65	71	43
Total C & I	70	96	83	91	54
Income Producing CRE	94	49	53	57	36
Commercial Constr	38	27	19	18	16
<b>Total Commercial</b>	<b>202</b>	<b>172</b>	<b>155</b>	<b>166</b>	<b>106</b>
Residential Mortgage	73	73	65	64	51
Residential Construction	46	35	38	38	17
Consumer / Installment	3	3	4	3	2
<b>Total Performing Classified</b>	<b>\$ 324</b>	<b>\$ 283</b>	<b>\$ 262</b>	<b>\$ 271</b>	<b>\$ 176</b>

# TDRs

\$ in millions

LOAN TYPE	Accruing <sup>(1)</sup>		Non-Accruing		Total TDRs	
	2Q13	vs. 2Q12	2Q13	vs. 2Q12	2Q13	vs. 2Q12
Commercial (Sec by RE)	\$ 40.4	\$ 65.7	\$ 2.0	\$ 8.9	\$ 42.5	\$ 74.7
Commercial & Industrial	2.9	8.6	.1	.3	2.9	8.8
Commercial Construction	12.9	15.8	.1	16.8	13.0	32.6
Total Commercial	56.2	90.1	2.2	26.1	58.4	116.1
Residential Mortgage	14.3	16.8	2.1	2.2	16.4	19.0
Residential Construction	7.2	18.9	2.7	4.4	9.9	23.3
Consumer Installment	.2	.2	.1	.1	.2	.3
Total	\$ 77.8	\$ 126.0	\$ 7.1	\$ 32.8	\$ 84.9	\$ 158.8

## Accruing TDRs



<sup>(1)</sup> 74 percent of accruing TDR loans have an interest rate of 4 percent or greater

Accruing TDR past due 30 – 89 days – 0.99%

35% of accruing TDRs are pass credits

# Net Charge-offs by Category & Market

\$ in thousands

## NET CHARGE-OFFS BY CATEGORY

	1Q13		% of Average Loans (Annualized)			
	Total	% of Avg Loans	1Q13	4Q12	3Q12	2Q12
Commercial (Sec. by RE):						
Owner Occupied	\$ 16,545	5.85 %	.69 %	1.76 %	3.56 %	.46 %
Income Producing	8,921	5.45	1.99	.67	.70	1.75
Total Comm (Sec. by RE)	25,466	5.70	1.18	1.35	1.79	.95
Commercial & Industrial	15,576	13.91	1.34	.12	(.23)	.70
Commercial Construction	6,295	17.53	(.01)	4.25	7.74	.21
Total Commercial	47,337	7.96	1.14	1.30	1.81	.86
Residential Mortgage	5,469	2.52	.79	1.55	1.40	.70
Home Equity LOC	1,040	1.04	.53	.49	.80	2.60
Residential Construction	18,506	20.91	3.22	2.52	5.69	9.14
Consumer/ Installment	56	.10	1.35	1.10	.78	.88
<b>Total Net Charge-offs</b>	<b>\$ 72,408</b>	<b>6.87</b>	<b>1.21</b>	<b>1.39</b>	<b>1.99</b>	<b>1.85</b>

## NET CHARGE-OFFS BY MARKET

North Georgia	\$ 59,102	17.20 %	1.45 %	1.29 %	1.84 %	3.58 %
Atlanta MSA	9,986	3.21	1.07	1.27	3.02	.75
North Carolina	1,952	1.36	1.59	1.39	1.15	2.52
Coastal Georgia	480	.49	.85	.60	2.67	.23
Gainesville MSA	123	.19	.67	2.04	.45	(.29)
East Tennessee	711	1.01	.98	2.98	.45	.68
South Carolina	-	-	-	-	-	-
Other (Indirect Auto)	54	.24	.39	.19	-	-

# NPA's by Loan Category & Market

\$ in thousands

2Q13

LOAN CATEGORY	NPLs	OREO	Total NPAs
Commercial (sec. by RE):			
Owner Occupied	\$ 5,283	\$ 547	\$ 5,830
Income Producing	1,954	-	1,954
Commercial & Industrial	548	-	548
Commercial Construction	504	376	880
<b>Total Commercial</b>	<b>8,289</b>	<b>923</b>	<b>9,212</b>
Residential Mortgage	12,847	1,303	14,150
HELOC	1,491	140	1,631
Residential Construction	4,838	1,570	6,408
Consumer/ Installment	399	-	399
<b>Total</b>	<b>\$ 27,864</b>	<b>\$ 3,936</b>	<b>\$ 31,800</b>

MARKET	NPLs	OREO	Total NPAs
Gainesville	\$ 1,008	\$ -	\$ 1,008
Coastal Georgia	2,588	627	3,215
East Tennessee	1,123	200	1,323
North Carolina	6,512	295	6,807
Atlanta MSA	3,803	1,197	5,000
North Georgia	12,830	1,617	14,447

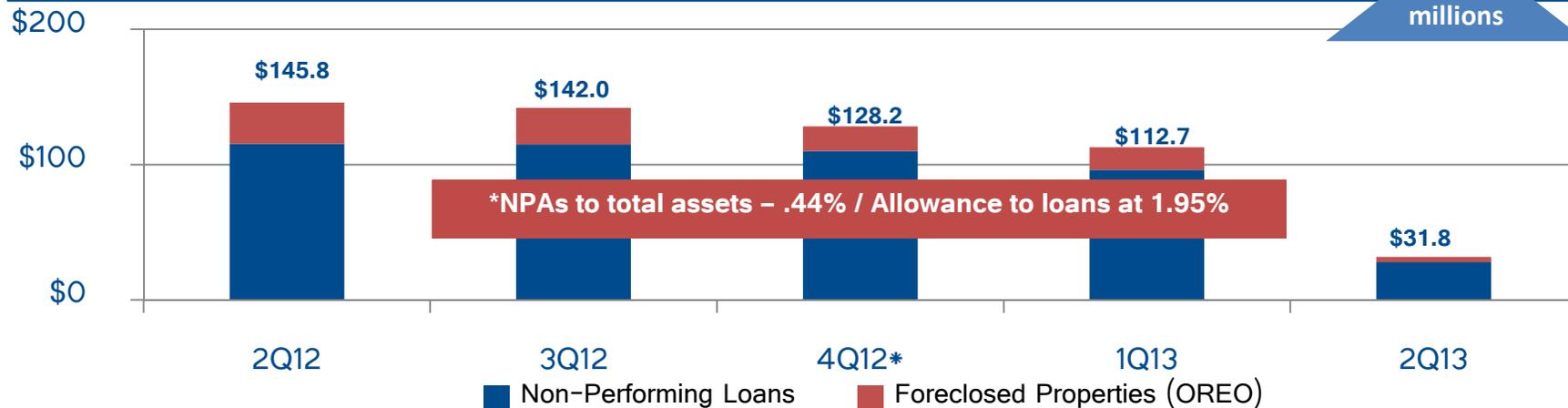
2Q12

LOAN CATEGORY	NPLs	OREO	Total NPAs
Commercial (sec. by RE):			
Owner Occupied	\$ 9,399	\$ 7,914	\$ 17,313
Income Producing	9,716	2,672	12,388
Commercial & Industrial	34,982	-	34,982
Commercial Construction	18,175	2,732	20,907
<b>Total Commercial</b>	<b>72,272</b>	<b>13,318</b>	<b>85,590</b>
Residential Mortgage	16,631	5,591	22,222
Residential Construction	25,530	11,512	37,042
Consumer/ Installment	907	-	907
<b>Total</b>	<b>\$ 115,340</b>	<b>\$ 30,421</b>	<b>\$ 145,761</b>

MARKET	NPLs	OREO	Total NPAs
Gainesville	\$ 991	\$ 2,998	\$ 3,989
Coastal Georgia	5,822	785	6,607
East Tennessee	2,945	1,154	4,099
North Carolina	10,657	3,287	13,944
Atlanta MSA	17,593	8,651	26,244
North Georgia	77,332	13,546	90,878

## Non Performing Assets

\$ in millions



United Community Banks, Inc.

# APPENDIX

# Experienced Proven Leadership

- Over 39 years in banking
- Led company from \$42 million in assets in 1989 to \$7.2 billion today
- Trustee of Young Harris College
- Georgia Power Company Board Member
- GA Economic Developers Association Spirit of Georgia Award recipient

**Jimmy C. Tallent**  
President & CEO  
Joined 1984



- Over 30 years in banking
- Responsible for overall operations
- Former Consultant and Special Assistant to the CEO and EVP of Commercial Banking for TD Bank Financial Group; and President & CEO of The South Financial Group

**H. Lynn Harton**  
Chief Operating Officer  
Joined 2012



- Over 35 years in banking
- Responsible for accounting, finance and reporting activities, M&A, and investor relations
- Former CAO and Controller for State Street Corporation
- Former ABA Accounting Committee Chairman

**Rex S. Schuette**  
EVP & CFO  
Joined 2001



- Over 30 years in banking
- Responsible for Risk Management and Credit Risk Administration; Co-Chairman of Risk Management Committee; also responsible for credit underwriting, review, policy and special assets
- Former EVP & SCO for SunTrust Banks

**David P. Shearow**  
EVP & CRO  
Joined 2007



- Over 35 years in banking
- Responsible for 27 community banks with 103 branch offices
- Formerly of Riegel Textile Credit Union; President of Farmers and Merchants Bank
- Former Georgia Board of Natural Resources Board Chairman

**Bill M. Gilbert**  
Director of Banking  
Joined 2000



- Over 20 years in financial services and banking
- Responsible for strategic planning and implementation
- Former President of American Savings Bank; and CFO & CRO of The South Financial Group

**Timothy K. Schools**  
Chief Strategy Officer  
Joined 2011



# Market Share Opportunities & Demographics

## EXCELLENT GROWTH OPPORTUNITIES

Markets	Market Deposits (in billions) <sup>(1)</sup>	Deposits (in billions) <sup>(2,3)</sup>	Banks	Offices <sup>(3)</sup>	Deposit Share <sup>(1)</sup>	Rank <sup>(1)</sup>
North Georgia	\$ 6.4	\$ 2.2	11	22	32 %	1
Western North Carolina	6.4	.9	1	20	12	3
Gainesville MSA	2.6	.3	1	5	12	5
Atlanta MSA	50.2	2.0	10	37	4	7
Coastal Georgia	7.3	.3	2	8	4	8
East Tennessee	16.0	.3	2	8	2	9
<b>Total Markets</b>	<b>\$ 88.9</b>	<b>\$ 6.0</b>	<b>27</b>	<b>100</b>		

<sup>1</sup> FDIC deposit market share and rank as of 6/12 for markets where United takes deposits. Data Source: SNL and FDIC.

<sup>2</sup> Based on current quarter.

<sup>3</sup> Excludes four loan production offices

## FAST GROWING MARKETS

Markets <sup>1</sup>	Population (in thousands)	Population Growth (%)	
		Actual 2010 - 2012	Projected 2012 - 2017
Atlanta, GA MSA	5,365	2 %	5 %
East Tennessee	868	2	4
Greenville-Mauldin-Easley, SC MSA	651	2	6
Western North Carolina	446	2	4
Coastal Georgia	390	2	7
North Georgia	387	1	2
Gainesville, GA MSA	182	1	6
<b>Total Markets</b>			
Georgia	9,858	2	5
North Carolina	9,759	2	6
Tennessee	6,452	2	4
South Carolina	4,740	2	6
United States	313,129	1	3

<sup>1</sup> Population data is for 2012 and includes those markets where United takes deposits. No deposits in SC.

Data Source: SNL

“There is only one boss. **The customer.** And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.”

-Sam Walton

# Liquidity

\$ in millions

	Unused Capacity				Variance	
		2Q13	1Q13	2Q12	vs 1Q13	vs 2Q12
<b>Wholesale Borrowings</b>						
Brokered Deposits	\$ 1,416 <sup>(1)</sup>	\$ 375	\$ 332	\$ 211	\$ 43	\$ 164
FHLB	1,160	70	-	125	70	(55)
Fed Funds	130	-	-	-	-	-
Other Wholesale	-	54	52	54	2	-
<b>Total</b>	<b>\$ 2,706</b>	<b>\$ 499</b>	<b>\$ 384</b>	<b>\$ 390</b>	<b>\$ 115</b>	<b>\$ 109</b>
<b>Long-Term Debt</b>						
Senior Debt		\$ 35	\$ 35	\$ -	\$ -	\$ 35
Sub-Debt		35	35	65	-	(30)
Trust Preferred Securities		55	55	55	-	-
<b>Total Long-Term Debt</b>		<b>\$ 125</b>	<b>\$ 125</b>	<b>\$ 120</b>	<b>\$ -</b>	<b>\$ 5</b>

(1) Estimated Brokered Deposit Total Capacity at 25% of Assets

## WHOLESALE BORROWINGS

## LOANS / DEPOSITS

				Variance	
	2Q13	1Q13	2Q12	vs 1Q12	vs 2Q12
Loans	\$ 4,189	\$ 4,194	\$ 4,119	\$ (5)	\$ 70
Core (DDA, MMDA, Savings)	\$ 3,322	\$ 3,295	\$ 3,066	\$ 27	\$ 256
Public Funds	707	732	659	(25)	48
CD's	1,608	1,667	1,887	(59)	(279)
Total Deposits (excl Brokered)	<u>\$ 5,637</u>	<u>\$ 5,694</u>	<u>\$ 5,612</u>	<u>\$ (57)</u>	<u>\$ 25</u>
<b>Loan to Deposit Ratio</b>	<b>74%</b>	<b>74%</b>	<b>73%</b>		
Investment Securities:					
Available for Sale -Fixed	\$ 1,120	\$ 1,193	\$ 1,259	\$ (73)	\$ (139)
-Floating	817	716	442	101	375
Held to Maturity -Fixed	197	211	257	(14)	(60)
-Floating	18	21	26	(3)	(8)
Total Investment Securities	<u>2,152</u>	<u>2,141</u>	<u>1,984</u>	<u>11</u>	<u>168</u>
<b>Percent of Assets (Excludes Floating)</b>	<b>18%</b>	<b>20%</b>	<b>19%</b>		

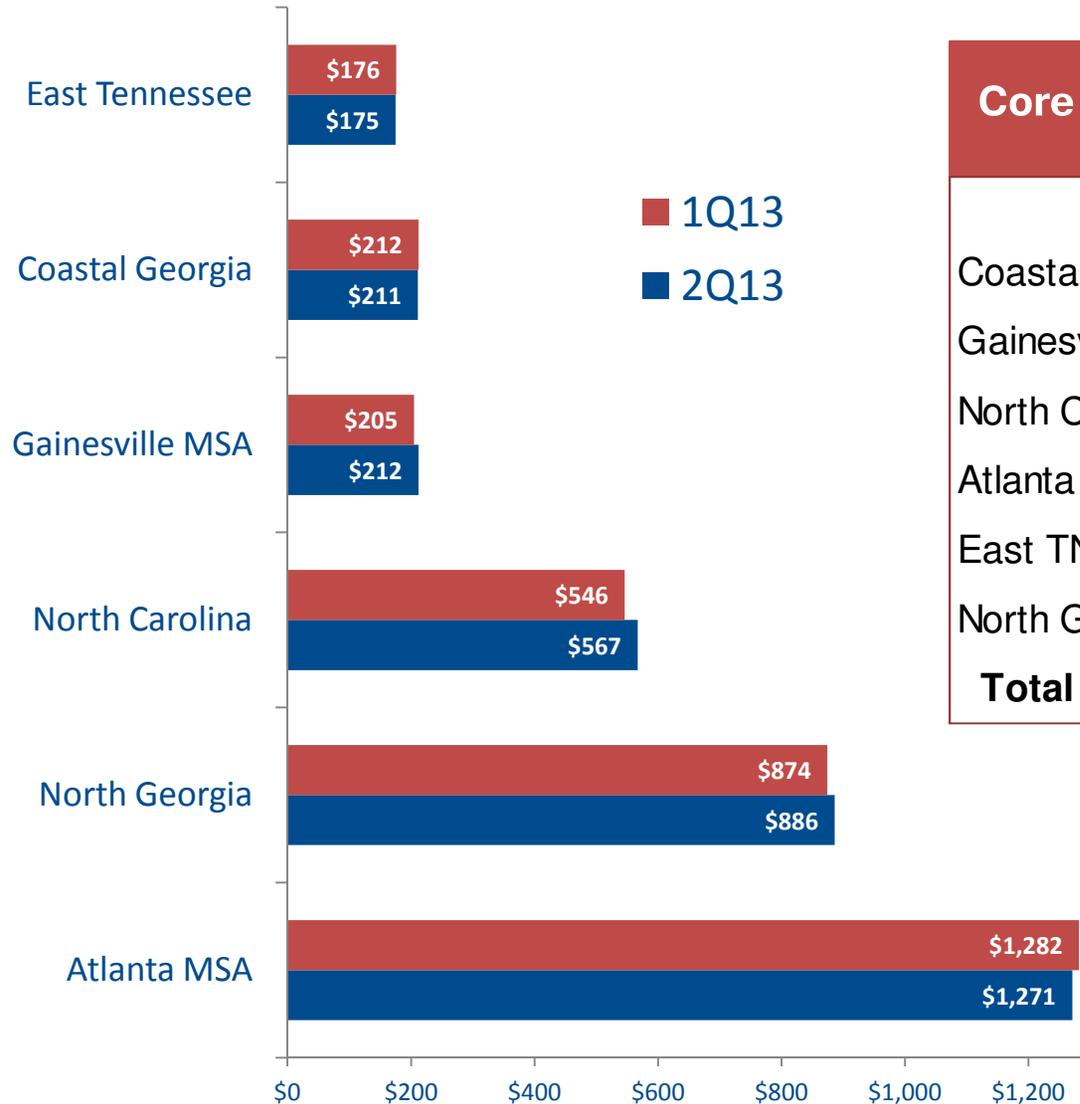
# Business Mix – Deposits *at quarter-end*

\$ in  
millions

<u>DEPOSITS BY CATEGORY</u>	<u>2Q13</u>	<u>1Q13</u>	<u>4Q12</u>	<u>3Q12</u>	<u>2Q12</u>	<u>2Q13 vs. 2Q12</u>
Demand & Now	\$ 1,916	\$ 1,894	\$ 1,841	\$ 1,796	\$ 1,735	\$ 181
MMDA & Savings	1,406	1,401	1,372	1,342	1,330	76
<b>Core Transaction Deposits</b>	<b>3,322</b>	<b>3,295</b>	<b>3,213</b>	<b>3,138</b>	<b>3,065</b>	<b>257</b>
Time < \$100,000	977	1,014	1,050	1,118	1,159	(182)
Time ≥ \$100,000 < \$250,000	512	528	547	598	625	(113)
Public Deposits	674	700	739	612	623	51
<b>Total Core Deposits</b>	<b>5,485</b>	<b>5,537</b>	<b>5,549</b>	<b>5,466</b>	<b>5,472</b>	<b>13</b>
Time ≥ \$250,000	120	125	127	101	103	17
Public Deposits	32	32	31	32	36	(4)
<b>Total Customer Deposits</b>	<b>5,637</b>	<b>5,694</b>	<b>5,707</b>	<b>5,599</b>	<b>5,611</b>	<b>26</b>
Brokered Deposits	375	332	245	224	211	164
<b>Total Deposits</b>	<b>\$ 6,012</b>	<b>\$ 6,026</b>	<b>\$ 5,952</b>	<b>\$ 5,823</b>	<b>\$ 5,822</b>	<b>\$ 190</b>

# Core Transaction Deposits

\$ in millions



Core Transactions / Total Deposits		
	2Q13	1Q13
Coastal GA	67.6 %	68.0 %
Gainesville MSA	67.0	65.0
North Carolina	62.6	60.1
Atlanta MSA	62.1	61.9
East TN	61.5	60.2
North Georgia	50.0	48.7
<b>Total</b>	<b>58.9 %</b>	<b>57.9 %</b>

# Lending & Credit Environment

\$ in millions



## Regional Credit Review – Standard Underwriting

• Legal Lending Limit	\$221
• House Lending Limit	132
• Project Lending Limit	12
• Top 25 Relationships	345

## PROACTIVELY ADDRESSING CREDIT ENVIRONMENT

### STRUCTURE

- Centralized underwriting and approval process
- Segregated work-out teams
- Highly skilled ORE disposition group
- Seasoned regional credit professionals

### PROCESS

- Continuous external loan review
  - Internal loan review of new credit relationships
  - Intensive executive management involvement
- ✓ Weekly past due meetings
  - ✓ Weekly NPA/ORE meetings
  - ✓ Quarterly criticized watch loan review meetings
  - ✓ Quarterly pass commercial and CRE portfolio review meetings

### POLICY

- Ongoing enhancements to credit policy
- Periodic updates to portfolio limits

# Commercial Construction & Real Estate

\$ in millions

## COMMERCIAL CONSTRUCTION

	30-Jun-13	
	Amount	Percent
Land Develop - Vacant (Improved)	\$ 54.1	41 %
Raw Land - Vacant (Unimproved)	34.8	26
Commercial Land Development	16.2	12
Churches	8.8	7
Office Buildings	8.3	6
Warehouse	2.7	2
Hotels / Motels	2.2	2
Miscellaneous	5.4	4
<b>Total Commercial Construction</b>	<b>\$ 132.6</b>	

### Average Loan Size (\$ in thousands)



• Commercial Construction	\$362K
• Commercial RE:	
• Composite CRE	462
• Owner Occupied	427
• Income Producing	587

### Commercial RE Characteristics



- 64.0% owner occupied
- Small business, doctors, dentists, attorneys, CPAs
- \$12 million project limit

## COMMERCIAL REAL ESTATE

	Owner Occupied	Income Producing	30-Jun-13	
			Total	Percent
Office Buildings	\$ 304.4	\$ 175.1	\$ 479.5	27 %
Retail	108.8	127.2	236.0	14
Small Warehouses / Storage	125.3	58.6	183.9	11
Churches	133.8	-	133.8	8
Convenience Stores	85.9	15.9	101.8	6
Other Properties	61.8	32.0	93.8	5
Hotels / Motels	-	86.1	86.1	5
Franchise / Restaurants	37.8	33.7	71.5	4
Farmland	58.5	-	58.5	3
Multi-Residential / Other Properties	-	57.7	57.7	3
Manufacturing Facility	48.9	6.5	55.4	3
Leasehold Property	17.1	13.3	30.4	2
Golf Course / Recreation	29.9	-	29.9	2
Auto Dealership / Service	21.9	3.2	25.1	1
Automotive Service	17.6	5.6	23.2	1
Daycare Facility	11.5	7.2	18.7	1
Funeral Home	16.0	.6	16.6	1
Carwash	16.2	.3	16.5	1
Movie Theater / Bowling Recreation	9.5	-	9.5	1
Marina	9.2	-	9.2	1
Mobile Home Parks	-	6.1	6.1	0
Assisted Living / Nursing Home	4.9	-	4.9	0
<b>Total Commercial Real Estate</b>	<b>\$ 1,119.0</b>	<b>\$ 629.1</b>	<b>\$ 1,748.1</b>	

# Loans by Business Mix and Region

\$ in millions

	2Q13	1Q13	4Q12	3Q12	2Q12	2Q13 vs. 2Q12
<b>QUARTERLY LOANS - BUSINESS MIX BY CATEGORY</b>						
Commercial:						
Comm & Indus	\$ 437	\$ 454	\$ 458	\$ 460	\$ 450	\$ (13)
Owner Occ'd	1,119	1,130	1,131	1,126	1,140	(21)
Total C & I	1,556	1,584	1,589	1,586	1,590	(34)
Income Prod CRE	629	674	682	693	697	(68)
Comm Constr	133	152	155	161	169	(36)
Total Comm	2,318	2,410	2,426	2,440	2,456	(138)
Resi Mortgage	1,278	1,246	1,214	1,174	1,128	150
Resi Constr	332	372	382	389	409	(77)
Consum / Install	261	166	153	135	126	135
Total Loans	<u>\$ 4,189</u>	<u>\$ 4,194</u>	<u>\$ 4,175</u>	<u>\$ 4,138</u>	<u>\$ 4,119</u>	<u>\$ 70</u>

	2012	2011	2010	2009	2008
<b>ANNUAL LOANS - BUSINESS MIX BY CATEGORY</b>					
Commercial:					
Comm & Indus	\$ 458	\$ 428	\$ 441	\$ 390	\$ 410
Owner Occ'd	1,131	1,112	980	963	956
Total C & I	1,589	1,540	1,421	1,353	1,366
Income Prod CRE	682	710	781	816	671
Comm Constr	155	164	297	363	500
Total Comm	2,426	2,414	2,499	2,532	2,537
Resi Mortgage	1,214	1,135	1,279	1,427	1,526
Resi Constr	382	448	695	1,050	1,479
Consum / Install	153	113	131	142	163
Total Loans	<u>\$ 4,175</u>	<u>\$ 4,110</u>	<u>\$ 4,604</u>	<u>\$ 5,151</u>	<u>\$ 5,705</u>

	2Q13	1Q13	4Q12	3Q12	2Q12	2Q13 vs. 2Q12
<b>QUARTERLY LOANS - BY REGION</b>						
North Georgia	\$ 1,265	\$ 1,363	\$ 1,364	\$ 1,382	\$ 1,387	\$ (122)
Atlanta MSA	1,227	1,262	1,250	1,238	1,242	(15)
North Carolina	576	575	579	579	576	-
Coastal Georgia	397	398	400	380	369	28
Gainesville MSA	256	259	261	256	259	(3)
East Tennessee	282	282	283	283	276	6
South Carolina	34	-	-	-	-	34
Other (Ind. Auto)	152	55	38	20	10	142
Total Loans	<u>\$ 4,189</u>	<u>\$ 4,194</u>	<u>\$ 4,175</u>	<u>\$ 4,138</u>	<u>\$ 4,119</u>	<u>\$ 70</u>

	2012	2011	2010	2009	2008
<b>ANNUAL LOANS - BY REGION</b>					
North Georgia	\$ 1,364	\$ 1,426	\$ 1,689	\$ 1,884	\$ 2,040
Atlanta MSA	1,250	1,220	1,310	1,435	1,706
North Carolina	579	597	702	772	810
Coastal Georgia	400	346	335	405	464
Gainesville MSA	261	265	312	390	420
East Tennessee	283	256	256	265	265
South Carolina	-	-	-	-	-
Other (Ind. Auto)	38	-	-	-	-
Total Loans	<u>\$ 4,175</u>	<u>\$ 4,110</u>	<u>\$ 4,604</u>	<u>\$ 5,151</u>	<u>\$ 5,705</u>

# Non GAAP Reconciliation Tables

\$ in thousands

## Operating Earnings to GAAP Earnings Reconciliation

	2Q13	1Q13	4Q12	3Q12	2Q12
<b>CORE FEE REVENUE</b>					
Core fee revenue	\$ 14,063	\$ 12,618	\$ 14,551	\$ 13,003	\$ 12,764
Securities gains, net	-	116	31	-	6,490
Loss on prepayment of borrowings	-	-	-	-	(6,199)
Gains from sales of low income housing tax credits	468	-	-	-	-
Hedge ineffectiveness gains (losses)	369	(85)	116	608	(180)
BOLI death benefit gain	1,366	-	-	-	-
Mark to market on deferred compensation plan assets	46	177	63	153	(8)
<b>Fee revenue (GAAP)</b>	<b>\$ 16,312</b>	<b>\$ 12,826</b>	<b>\$ 14,761</b>	<b>\$ 13,764</b>	<b>\$ 12,867</b>
<b>CORE OPERATING EXPENSE</b>					
Core operating expense	\$ 42,067	\$ 40,900	\$ 41,489	\$ 40,523	\$ 41,312
Foreclosed property expense	5,151	2,333	4,611	3,706	1,851
Severance	1,559	360	563	401	1,155
Provision for litigation settlement	-	-	4,000	-	-
Mark to market on deferred compensation plan liability	46	177	63	153	(8)
<b>Operating expense (GAAP)</b>	<b>\$ 48,823</b>	<b>\$ 43,770</b>	<b>\$ 50,726</b>	<b>\$ 44,783</b>	<b>\$ 44,310</b>
<b>TANGIBLE COMMON EQUITY AND TANGIBLE EQUITY TO TANGIBLE ASSETS</b>					
Tangible common equity to tangible assets	6.30 %	5.66 %	5.67 %	5.73 %	5.45 %
Effect of preferred equity	2.83	2.87	2.88	2.93	2.79
Tangible equity to tangible assets	9.13	8.53	8.55	8.66	8.24
Effect of goodwill and other intangibles	.06	.07	.08	.09	.09
Equity to assets (GAAP)	9.19 %	8.60 %	8.63 %	8.75 %	8.33 %
<b>TANGIBLE COMMON EQUITY TO RISK-WEIGHTED ASSETS</b>					
Tangible common equity to risk-weighted assets	13.16 %	8.45 %	8.26 %	8.44 %	8.37 %
Effect of preferred equity	4.11	4.22	4.24	4.29	4.35
<b>Tangible equity to risk weighted assets</b>	<b>17.27</b>	<b>12.67</b>	<b>12.50</b>	<b>12.73</b>	<b>12.72</b>
Effect of deferred tax limitation	(4.99)	-	-	-	-
Effect of other comprehensive income	.29	.49	.51	.36	.28
Effect of trust preferred	1.11	1.15	1.15	1.17	1.19
<b>Tier I capital ratio (Regulatory)</b>	<b>13.68 %</b>	<b>14.31 %</b>	<b>14.16 %</b>	<b>14.26 %</b>	<b>14.19 %</b>